

Chapter 2

Program Eligibility, Written Arrangements, and Distance Education

Many of the program eligibility requirements are derived from the institutional definitions that we discussed in Chapter 1. However, bear in mind that institutional eligibility does not mean that all programs at the school are eligible. A financial aid office should have a process to confirm the eligibility of an educational program before paying any FSA funds to students enrolled in that program and should promptly report changes to the Department following the procedures in Chapter 5.

Determining Program Eligibility

To qualify as eligible institutions, schools must offer at least one eligible program. Not all programs at a school must be eligible, but at least one must meet the eligible program requirements. And students must be enrolled in an eligible program to receive FSA funds (except for students enrolled in certain preparatory or teacher certification courses; see *Volume 1, Chapter 1*). Schools are responsible for ensuring a program is eligible before awarding FSA funds to students in that program.

In addition to determining that the program meets the eligible program criteria given in this chapter, the school should make certain that the program is included under the notice of accreditation from a nationally recognized accrediting agency (unless the agency does not require that particular program be accredited).

The school should also make certain that it is authorized by the appropriate state to offer the program (if the state licenses individual programs at postsecondary institutions). In some instances a school or program may need a general authorization as well as licensure for a specific program approval. (See the chart on eligible institutions and the discussion under *Legal Authorization By a State* in Chapter 1.)

A school’s eligibility extends to all eligible programs and locations on its E-App, unless the School Participation Division (SPD) determines that certain programs or locations did not meet the eligibility requirements or it has not approved the expansion’s FSA eligibility. Generally, the school’s eligible nondegree programs and locations are specifically named on the *Eligibility and Certification Approval Report* (ECAR). Additional locations and programs may be added later. Once the SPD has approved the program/location, it will notify the school and an updated ECAR can be printed. See the discussion under *Changes to Educational Programs* in Chapter 5 for a discussion of when and how a school must notify the Department when adding programs and when the school must wait for approval from the Department. Note that all GE programs must be reported to ED and all comprehensive transition and postsecondary programs, and short-term programs must be reported to and approved by ED. Approval is required when the institution offers a direct assessment program at a different level of offering than what was previously approved.

If a program offered through distance or continuing education meets the definition of an eligible program, students enrolled in that program must be considered for FSA program assistance on the same basis as students enrolled in eligible programs offered through traditional modes. With some limitations, if a correspondence program meets the definition of an eligible program, students enrolled in that program are considered eligible (see *Distance Education & Correspondence Study* in this chapter).

Program eligibility

34 CFR 668.8
See also 600.10, 668.232, and 691.2(b).

Schools must accurately report their programs’ published length

The Department's regulations require each school to have established a normal time for completion for each of its academic programs. 34 CFR 668.41(a) defines normal time as "the amount of time necessary for a student to complete all requirements for a degree or certificate according to the school's catalog." The definition goes on to say, "This is typically four years for a bachelor's degree...two years for an associate degree... and the various scheduled times for certificate programs." **Therefore, a school must have established a program's published length in time (years, months, or weeks), not just in credit or clock hours,** to comply with 34 CFR 668.41(d)(4) and 668.45 and must report that published length in time to COD and NSLDS.

- If the school has published, in its catalog, on its website, or in any promotional materials, the length of the program in weeks, months, or years, the program length to be reported to COD and NSLDS must be the same as the program length that the school has published. Note: For gainful employment programs, the school must have published the program's length in weeks, months, or years on the school's website.
- If the school has not published a program length and the program is an associate or bachelor's degree program, the program length to be reported should be 2 years or 4 years, respectively, unless the academic design of the program makes it longer or shorter than the typical, 2-year associate degree program or 4-year bachelor's degree program.
- For all other programs for which the school has not published a program length, the program length is based on the school's determination of how long, in weeks, months, or years, the program is designed for a full-time student to complete.

See the [April 20, 2015, electronic announcement](#).

Basic Types of Eligible Programs

There is a wide variety of programs that are eligible for Title IV aid. This section explains some of the most common for each type of institution. Later in the chapter we explain others, such as direct assessment programs and comprehensive transition and postsecondary programs.

Eligible programs at an institution of higher education

At a public or private nonprofit institution of higher education, the following types of programs are Title IV-eligible:

- a program that leads to an associate, bachelor's, professional, or graduate degree,
- a transfer program of at least two academic years in duration that does not award a credential and is acceptable for full credit toward a bachelor's degree,
- a program of at least one academic year in duration that leads to a certificate or other non-degree recognized credential and prepares students for gainful employment in a recognized occupation,
- a program consisting of courses required for elementary or secondary teacher certification or recertification in the state where the student plans to teach that is offered in credit or clock hours, or
- a certificate or diploma training program that is less than one year and prepares students for gainful employment in a recognized occupation (if the school also meets the definition of a postsecondary vocational institution).

Note that with a few exceptions detailed later in this chapter, a nondegree program at a public or private nonprofit institution is subject to the rules for a gainful employment program.

Eligible programs at a proprietary or postsecondary vocational institution

There are several types of eligible programs at a proprietary institution or a postsecondary vocational institution. Generally these programs must have a specified number of weeks of instruction and must provide training that prepares a student for gainful employment in a recognized occupation.

- The program provides at least 600 clock hours, 16 semester or trimester hours, or 24 quarter hours of undergraduate instruction offered during a minimum of 15 weeks of instruction. The program may admit as regular students persons who have not completed the equivalent of an associate degree.

For the purpose of demonstrating compliance with the standards for short-term (at least 300 but less than 600 clock hours), a school must calculate the completion and placement rates for the award year. The independent auditor who prepares the school's compliance audit report must attest to the accuracy of the school's calculation of completion and placement rates. See 34 CFR 668.8(e), (f), and (g).

Completion rate: $\text{Number of regular students who earned credentials for successfully completing the program within 150\% of its length} \div \text{Number of regular students enrolled in the program for the award year, including the number of regular students who withdrew with a 100\% refund of tuition and fees and the number of regular students enrolled at the end of the award year} = \text{Completion Rate}$

Placement rate: $\text{Number of students who obtained employment}^* \text{ within 180 days of receiving credential and who are employed (or have been employed) for at least 13 weeks following receipt of credential} \div \text{Number of regular students who received credential for successfully completing the program during the award year} = \text{Placement Rate}$

*in the recognized occupation for which they were trained or in a related comparable occupation.

The school must document the employment of any student it includes as employed in the placement rate calculation. Examples of such documentation include but are not limited to a written statement from the employer, signed copies of state or federal income tax forms, or written evidence of payment of Social Security taxes.

The school must reasonably determine whether a related occupation is comparable. For instance, for a student who was trained as an auto mechanic, it is reasonable to determine that a job as a boat mechanic is comparable. However, for a person trained in retail sales management, a counter-service job at a fast-food restaurant is not comparable.

An auditor may use his or her discretion to choose the award year used to calculate a program's completion and placement rates under 34 CFR 668.8(e), (f), and (g) based on the circumstances and appropriate audit standards, with these caveats:

- The auditor must use the same procedure from year to year; and
- The auditor may not use the rates from award years that ended more than two years prior to the institution's fiscal year end date.

For example, for a fiscal year that ends on 8/31/22, the auditor could calculate rates from the 2021-2022 award year or the 2020-2021 award year, but not from the 2019-2020 award year or any award year prior to that.

- The program provides at least 300 clock hours, 8 semester hours, or 12 quarter hours of instruction during a minimum of 10 weeks of instruction. The program must be a graduate or professional program or must admit as regular students only persons who have completed the equivalent of an associate degree.
- The program is known as a short-term program, which qualifies for the Direct Loan program only. This type of program must provide at least 300 but less than 600 clock hours of instruction offered during a minimum of 10 weeks of instruction. The program must admit as regular students some persons who have not completed the equivalent of an associate degree. It must also have been in existence for at least one year, have verified completion and placement rates of at least 70% (see below), and not be more than 50% longer than the minimum training period required by the state or federal agency, if any, for the occupation for which the program of instruction is intended.

It is possible that an institution of higher education may also qualify as a postsecondary vocational institution by offering both degree programs and/or non-degree programs that are at least an academic year in duration and programs that are less than an academic year in length that lead to a certificate or other non-degree recognized credential.

Lastly, a program that leads to a baccalaureate degree in liberal arts at an accredited proprietary institution is an eligible (non-GE) program. The school must have been continuously accredited by a recognized regional accrediting agency or association since at least October 1, 2007, and have provided the program continuously since January 1, 2009.

Programs Leading to Gainful Employment

To be eligible for Title IV funding, an educational program at a postsecondary school must lead to a degree—associate, bachelor's, graduate, or professional degree from a public or non-profit institution— or prepare students for “gainful employment in a recognized occupation.” We refer to the latter as “gainful employment programs” or “GE programs” for short. They include non-degree programs offered by public and private nonprofit institutions and almost all academic programs offered by proprietary institutions; see below for details. See the [May 20, 2015, announcement](#), which identifies GE programs.

Programs offered by for-profit institutions

All educational programs offered by for-profit (proprietary) institutions are GE programs with the following three exceptions:

1. Preparatory coursework necessary for enrollment in a Title IV-eligible program [34 CFR 668.32(a)(1)(ii)];
2. Approved Comprehensive Transition and Postsecondary (CTP) programs for students with intellectual disabilities [34 CFR 668.231]; and
3. A limited number of liberal arts bachelor degree programs if offered since January 2009 and the school has been regionally accredited since October 2007 [34 CFR 600.5(a)(5)(i)(B)].

Programs offered by public and private nonprofit institutions

All **non-degree** educational programs offered by public or private non-profit institutions are GE programs with the following four exceptions:

1. Preparatory coursework as noted under (1) above;
2. Approved CTP programs as noted under (2) above;
3. Programs that are at least two years long and designed to be fully transferable to a bachelor's degree program and for which the school does not confer a credential [34 CFR 668.8(b)(1)(ii)]; and
4. Teacher certification programs the institution does not award a credential for [34 CFR 668.32(a)(1)(iii)].

Program leading to a baccalaureate degree in liberal arts

A general instructional program falling within one or more of the following generally accepted instructional categories:

1. A program that is a structured combination of the arts, biological and physical sciences, social sciences, and humanities, emphasizing breadth of study.
2. An undifferentiated program that includes instruction in the general arts or general science.
3. A program that focuses on combined studies and research in humanities subjects as distinguished from the social and physical sciences, emphasizing languages, literature, art, music, philosophy, and religion.
4. Any single instructional program in liberal arts and sciences, general studies, and humanities not listed in 1 through 3 above.

Instruction must be in a regular program, not an independently designed or individualized program or unstructured studies. 34 CFR 600.5(e)

Recognized occupation

One that is

- identified by a Standard Occupational Classification (SOC) code established by the Office of Management and Budget or an Occupational Information Network O*NET-SOC code established by the Department of Labor and available at [ONET OnLine](#) or its successor site, or
- considered by ED, in consultation with the Department of Labor, to be a recognized occupation.

If the title of the program does not clearly indicate the specific occupation that the program prepares the student for, that information must appear on the E-App.

Student with an intellectual disability

One who

1. has a cognitive impairment characterized by significant limitations in
 - intellectual and cognitive functioning and
 - adaptive behavior as expressed in conceptual, social, and practical adaptive skills; and
2. is currently, or was formerly, eligible for special education and related services under the Individuals with Disabilities Education Act (IDEA) (20 U.S.C. 1401), including a student who was determined eligible for special education or related services under the IDEA but was home-schooled or attended private school.

Some public and private nonprofit institutions offer degree programs in which students may also be awarded a non-degree credential (e.g., certificate, diploma) after completing a portion of the degree program. These are **not** GE programs as long as a significant number of the students enrolled in the program earn the degree rather than withdraw after obtaining the certificate. If a significant number of students enrolled in the program do not earn the degree, all of the students are considered to be enrolled in a non-degree program, that is, a GE program.

GE programs at foreign schools

The only programs at foreign proprietary institutions that are eligible for FSA loan funds are degree programs in medicine, nursing, and veterinary science. All Title IV-eligible programs at these schools are GE programs. The determination of a GE program at a foreign public or nonprofit institution is the same as for domestic public and nonprofit institutions.

State requirements and program length

The school must demonstrate a reasonable relationship between the length of the GE program and entry level requirements for the occupation for which the program prepares the student. The Secretary considers the relationship to be reasonable if the number of clock hours provided in the program does not exceed the greater of:

- 150% of the minimum number of clock hours required for training in the recognized occupation for which the program prepares the student, as established by the state in which the program is offered, or as established by any federal agency (if applicable); or
- The minimum number of clock hours required for training in the recognized occupation for which the program prepares the student established in a State adjacent to the State in which the program is offered (if the school can demonstrate that its program meets the requirements in the other state).

This limitation applies to both clock-hour and credit-hour GE programs.

For purposes of determining whether this limitation applies, “adjacent” means having a common endpoint or border. States such as Hawaii and Alaska do not have adjacent states.

GE program length

34 CFR 668.14(b)(26)

Additional Eligibility Requirements

There are additional FSA program eligibility requirements for specific educational programs. For example, only undergraduate educational programs are eligible under the Pell Grant and FSEOG programs. Correspondence programs are not eligible unless they meet the general requirements for an eligible program and are required for the student’s regular program of study leading to a degree.

TEACH Grant eligible programs

One of the eligibility requirements for a student to receive a TEACH Grant is that the student must be enrolled in a TEACH Grant-eligible program. A TEACH Grant-eligible program is an eligible program at a TEACH Grant-eligible school that is

- designed to prepare an individual to teach as a highly qualified teacher in a high-need field and lead to a baccalaureate or master’s degree (including 2-year programs of study that are acceptable for full credit toward a baccalaureate degree), or
- post-baccalaureate program of study for students who have completed a baccalaureate degree.

A postbaccalaureate program consists of courses required by a state for a student to receive a professional certification or licensing credential that is needed for employment as a teacher in an elementary or secondary school in that state. It must be a program that is treated as an undergraduate program for FSA purposes and may not lead to a graduate degree. Note that the program cannot be considered a postbaccalaureate program if the school offers a baccalaureate degree in education.

For additional TEACH grant student eligibility requirements, see *Volume 1, Chapter 6*.

Programs for students with intellectual disabilities

A student with an intellectual disability who enrolls in a comprehensive transition and postsecondary (CTP) program at a school that participates in the FSA programs is eligible for non-loan assistance (Pell Grants, FSEOG, and Federal Work-Study). As discussed in *Volume 1*, the student is exempt from some student eligibility requirements.

A CTP program is a degree, certificate, non-degree, or non-certificate program that is designed to support students with intellectual disabilities who want to continue their instruction (academic, career and technical, and independent living) at a postsecondary school to prepare for gainful employment. Schools must apply to the Department to have such a program judged eligible. To do so, they must follow the procedures in 34 CFR 600.20 and provide the information described in 34 CFR 668.232. See the [June 6, 2011, announcement](#).

The program must be delivered to students physically attending the institution, include an advising and curriculum structure, and provide students with intellectual disabilities opportunities to participate in coursework and other activities with students without disabilities.

Such programs must require that at least half of the students’ participation in the program, as determined by the school, focuses on academic components through one or more of the following activities:

- taking credit-bearing courses with students without disabilities,
- auditing, or otherwise participating in, courses the student does not receive regular academic credit for with students

without disabilities,

- taking non-credit-bearing, nondegree courses with students without disabilities, and
- participating in internships or work-based training in settings with individuals without disabilities.

ESL programs

Students enrolled in a program that consists solely of English as a second language (ESL) instruction are only eligible for Pell Grants. An ESL program must meet the general requirements for eligible programs (e.g., it must lead to a degree or other credential), and a school must request an eligibility determination for it from the Department. The program may admit only students who need instruction in English to be able to use the knowledge, training, or skills they already have. The school must document its determination that the ESL instruction is necessary for each student enrolled.

Schools should pay attention to the effect that awarding Pell Grants for more than one academic year of attendance in an ESL program has on a student's Pell LEU (See *Volume 3*).

See *Chapter 3* for a discussion of the requirement that schools define the effect of non-credit remedial courses (including ESL on a student's academic progress).

Competency-based education programs

Competency-based education (CBE) is an innovative approach in higher education that organizes academic content according to competencies—what a student knows and can do—rather than following a more traditional scheme, such as by course.

As with all Title IV-eligible programs (except correspondence programs), CBE programs must be designed to ensure that there is regular and substantive interaction between students and instructors. Interaction that is wholly optional, initiated primarily by the student, or occurring only upon the request of the student is not sufficient.

Some schools use a CBE model where instructors perform different roles and no single faculty member is responsible for all aspects of a course or competency. Such a model may be used, but schools must ensure that regular and substantive interaction between students and instructors occurs, that instructors meet accrediting agency standards for instruction in their subject, and that the faculty resources dedicated to the program are sufficient for the accrediting agency. Interactions between students and personnel who don't meet accrediting agency standards for providing instruction in the subject area would not be considered substantive interaction with an instructor.

FSA funds may be awarded only for learning that results from instruction provided or overseen by the school. FSA funds cannot be awarded for any portion of the program based on study or life experience prior to enrollment in the program or based on tests of learning that are not associated with educational activities overseen by the school.

A school must ensure that the instructional materials and faculty support necessary for academic engagement are available to students every week that the school counts toward its defined payment period or academic year. Instructional activity in a CBE program includes but is not limited to

- attending a synchronous class, lecture, recitation, or field or laboratory activity, physically or online, where there is an opportunity for interaction between the instructor and students);
- submitting an academic assignment;
- taking an assessment or an exam;
- participating in an interactive tutorial, webinar, or other interactive computer-assisted instruction;
- attending a study group, group project, or an online discussion that is assigned by the institution;
- interacting with an instructor about academic matters;
- consultations with a faculty mentor regarding the content of a course or competency; and
- other instructional activities approved by the institution's or program's accrediting agency.

For direct assessment programs only, educational activity also includes development, in consultation with a qualified faculty member, of an academic action plan that addresses competencies identified by the school.

As with other types of eligible programs, CBE programs may be offered as nonterm or as standard or nonstandard term

programs. Such programs may also last less than a year if all applicable requirements are met. See DCL [GEN-14-23](#) for more information, including guidance about CBE programs and cost of attendance, satisfactory academic progress, return of Title IV funds, and direct assessment programs.

Currently, many programs using subscription periods are CBE programs. Subscription-based programs are not synonymous with CBE programs, but many CBE programs may be subscription-based. See the discussion of *subscription-based programs* later in this chapter.

Types of CBE programs

There are two types of CBE programs: those that measure progress using clock or credit hours and direct assessment programs.

Credit- or clock-hour CBE programs

These are organized by competency but measure student progress using clock or credit hours. In such programs, Title IV aid must be administered under normal statutory and regulatory provisions for credit-or clock-hour programs.

An institution offering a CBE program using credit hours must ensure that for Title IV purposes each credit hour in the program requires sufficient educational activity to fulfill the federal definition of a credit hour (See the discussion under *Determining program eligibility and Clock-Hour to Credit-Hour Conversions* later in this chapter.) and must reasonably approximate not less than one hour of classroom instruction and two hours of out-of-class work each week. A credit hour in a CBE program might not require structured class sessions but must still require sufficient academic activity—for instance, reading and writing assignments with feedback from an instructor—to reasonably approximate three hours of expected academic engagement per week for each credit hour. The CBE program could allow this work to be completed more flexibly and at the student’s pace as long as he is making satisfactory academic progress.

Direct assessment programs

These are a type of CBE program that does not use credit or clock hours. Progress in a direct assessment program is measured solely by assessing whether students can demonstrate that they have a command of a specific subject, content area, or skill or can demonstrate a specific quality associated with the subject matter of the program. Therefore, unlike a CBE program measured in credit hours, a direct assessment program does not specify the level of educational activity a student is expected to engage in to complete the program.

Direct assessment programs

34 CFR 668.10

Because direct assessment programs do not use credit or clock hours, schools must establish credit- or clock-hour equivalencies for the programs and provide a factual basis for that to the Department as part of the application process for direct assessment programs. The equivalencies must be approved by a school’s accrediting agency, and the school must document that approval. See [GEN-14-23](#) for more about equivalencies.

The school must establish a methodology to reasonably equate each module in the direct assessment program to either credit hours or clock hours. This methodology must be consistent with the requirements of the school’s accrediting agency or State approval agency.

Direct assessment programs can be offered using a combination of credit hours and direct assessment (with credit hour equivalencies) or using a combination of clock hours and direct assessment (using clock hour equivalencies). A program is not required to be provided entirely using direct assessment.

A direct assessment program may use learning resources (e.g., courses or portions of courses) that are provided by

entities other than the school providing the direct assessment program without regard to the limitations on contracting for part of an educational program (see *Written Arrangements Between Schools* later in this chapter).

Programs at foreign schools cannot be offered using direct assessment. Additionally, several types of programs and coursework that might otherwise be eligible for FSA purposes are not eligible if they involve direct assessment unless the institution has otherwise been approved to offer at least one direct assessment program:

- Preparatory coursework required for entry into an eligible program (see *Volume 1, Chapter 6*).
- Courses necessary for an elementary or secondary school teaching credential or certificate (see *Volume 1, Chapter 6*).
- Postbaccalaureate teacher certificate or licensing program as described in 34 CFR 690.6(c).
- Remedial coursework as described in 34 CFR 668.20, if offered using direct assessment.

A school that wishes to award FSA funds for a program using direct assessment must submit an updated [E-App](#) to the Department to apply for approval of the program. In addition to updating the E-App, the school will [email to the case teams](#) supporting documentation: a detailed program description (recommended length not to exceed 20 pages), a detailed description of financial aid administration (not to exceed 5 pages), and documentation that the school's accrediting agency has evaluated and approved the program and agrees with the school's credit- or clock-hour equivalency. See DCL [GEN-13-10](#) for complete instructions.

The detailed program description will be a succinct narrative clearly indicating the name of the program, the educational credential being offered (degree level or certificate), the field of study, and how it meets the regulatory requirements of 34 CFR 668.10(b). Each requirement must be specifically identified in the narrative; for example, there must be a description of how the direct assessment program is structured, including information about how and when the school determines on an individual basis what each student enrolled in the program needs to learn and how the school excludes from consideration of a student's eligibility for title IV, HEA program funds any credits or competencies earned on the basis of prior learning. [668.10(b)(2)(ii)].

The detailed description of financial aid administration for the program explains how the program meets the Title IV requirements. For example, the school must provide a basis for its credit- or clock-hour equivalency methodology for the program or portion thereof (the clock or credit hours will be used as the basis for the FSA award calculations described in *Volume 3, Chapter 1*). A school is also required to explain how it excludes credit earned through prior learning assessment from consideration of a student's eligibility for Title IV aid.

Following the approval of the school's direct assessment program by the Department, additional direct assessment programs at an equivalent or lower academic level may be determined to be eligible without further approvals from the Department. However, these programs must be reported to the Department within 10 days of the change. Approval is required when the institution offers a direct assessment program at different level of offering than what was previously approved.

Even if it is determined that Department approval of an additional direct assessment program is not required, each new direct assessment program must be evaluated by the institution's accrediting agency and included in the institution's accreditation. Additionally, the accrediting agency must review and approve the institution's claim of the institution's clock or credit hour equivalency methodology for each direct assessment program.

Apprenticeships

An apprenticeship combines job-related instruction with on-the-job experience. Postsecondary schools may provide related classroom instruction, technical training, or other certified training. If all or part of an apprenticeship meets an academic requirement of a Title IV-eligible educational program, students enrolled in that program may receive Title IV aid for the entire program, including for the apprenticeship portion. For more information see Dear Colleague Letter [GEN-14-22](#) and *Volume 6, Chapter 2*, of the Handbook.

Since student aid is partly determined by the number of credit or clock hours in the program, the structured on-the-job portion must be associated with a defined number of credit or clock hours. For clock-hour programs, students' completion of the clock hours associated with the on-the-job training must be under the supervision of school faculty.

Except as may be required by the accrediting agency or state, there is no limit on the percentage of the program that

consists of on-the-job training as long as the school provides the training. Note that schools must report to the Department any location at which 50% or more of an educational program is provided, including any on-the-job component. If an entity other than the school provides the on-the-job training, that component must be 25% of the program or less with specific permission of the institution’s accrediting agency, or over 25% and up to 50% of the program, if the school reports the agreement as a substantive change and receives approval from its accrediting agency.

In such contracted situations, the school must enter into a written arrangement with the entity providing the on-the-job training. If the program is offered in credit hours, the written arrangement should establish the equivalent credit hours for the non-coursework portion of the program. A school’s policies for establishing credit hours must meet all requirements and standards set by its accrediting agency. See the discussion under *Written Arrangements Between Schools* later in this chapter for additional information.

Study-abroad programs

A participating institution may establish study-abroad programs for which students are eligible to receive FSA funds. The study-abroad program does not have to be a *required* part of the eligible program at the home school for the student to be eligible to receive FSA funds, but the credits earned through the study-abroad or exchange program must apply toward graduation in the student’s program at the home school. In addition, students in the study-abroad program must remain concurrently enrolled at their home school. Moreover, the school must mention the availability of FSA funds in the information it provides to students about the study-abroad program.

Study-abroad references

- Arrangements with a study-abroad organization 34 CFR 668.5(b)
- Student eligibility in study-abroad programs 34 CFR 668.39
- FSEOG maximum awards 34 CFR 676.20

Types of study-abroad programs

Study-abroad program configurations include the following:

- A home school sends students to a study-abroad program at an eligible or ineligible foreign host school. The home school must have a contractual agreement with the foreign school. A written arrangement between a domestic institution and one in another country is always considered a contractual agreement in which the domestic institution is the home school.
- A home school has, instead of a separate agreement with each foreign school, a written arrangement with a study-abroad organization that represents one or more foreign schools. The arrangement must adequately describe the duties and responsibilities of each entity and meet the requirements of the regulations.
- A variant of the study-abroad program occurs when a home school sends faculty and students to a foreign site. This is not a consortium or contractual study-abroad program; rather, the foreign site is considered an additional location under 34 CFR 600.32.

Academic year

In a direct assessment program, this consists of a minimum of 30 weeks of instructional time, during which a full-time student is expected to complete the equivalent of at least 24 semester or trimester credit hours or 36 quarter credit hours for an undergraduate program.

Note: There is an updated definition of a “week of instructional time”, in the academic year regulations at 34 CFR 668.3(b). Please refer to Volume 3, Chapter 1 for more information.

Independent study

This occurs when a student follows a course of study and works with a faculty member to decide how the student will meet defined course objectives. Both agree on what the student will do (e.g., readings, research, and work products), how the student’s work will be evaluated, and the time frame for completion. The student must interact with the faculty member on a regular and substantive basis to assure progress within the course or program.

Full-time student

One who is carrying a full-time academic workload, as determined by the school, that is the standard for all students in the program. For undergraduate students, the school’s standard must equal or exceed the minimum requirements in the definition of full-time student in 34 CFR 668.2, based on the credit- or clock-hour equivalency for the program.

A study-abroad program must be part of a written contractual agreement between two or more schools. If a study-abroad program has higher costs than the home school, those should be reflected in the student’s cost of attendance. This may result in the student being eligible for additional FSA funds.

The maximum FSEOG for a full academic year is usually \$4,000. However, a school may award as much as \$4,400 to a student participating in a study-abroad program that is approved for credit by the home school.

Some eligible students have had problems receiving FSA funds for study-abroad programs because neither their home school nor the school they were temporarily attending documented that they were enrolled in an eligible program of study. The Program Participation Agreement requires participating schools to establish procedures that ensure that students participating in study-abroad programs receive the FSA funds to which they are entitled.

Flight school programs

A flight school program must maintain current valid certification by the Federal Aviation Administration to be eligible.

Flight school programs

34 CFR 668.8(i)

Limited-access programs

In some programs, there are different requirements for initial admission to the program and admission to upper-division or upper-level coursework associated with the program’s major. In these programs, students who have not yet been admitted to the upper-division coursework are described as being in a “pre-major” or a “pre-program.”

An otherwise eligible student enrolled in a limited-access program may be considered a regular student enrolled in an eligible program if, provided the appropriate academic requirements are met, enrollment in the early stage of the program assures the student admission to the full program at a later point. If this is the case, the Department considers the early stage of the program to be the first part of the formal program in which the student will ultimately matriculate.

However, if initial admission to the limited-access program does not guarantee admission to the upper-division coursework (assuming the student has met all applicable academic requirements), then the Department treats the initial part of the program as not considered leading to a credential, and therefore not an eligible program.

For example, consider a “pre-nursing” program that consists entirely of coursework acceptable toward completion of a Bachelor of Nursing (BSN) program at the institution. Students must successfully complete all of these courses with a grade of “B” or higher, and pass a written exam in order to transition into the BSN program. However, admission of even those pre-nursing students who have met all academic requirements is contingent on the availability of clinical slots, with the result that not all of them will matriculate into the BSN program. Accordingly, students who successfully complete the pre-nursing requirements must apply to the BSN program with no guarantee of acceptance. In this circumstance, students who are enrolled in the “pre-nursing” portion of the program are not considered to be enrolled in an eligible program.

Written Arrangements Between Schools

Under a consortium or contractual agreement (including those for study-abroad programs), the home school must give credit for courses taken at the other schools on the same basis as if it provided the training. The assumption of such an agreement is that the home school has found the other school’s or organization’s academic standards equivalent to its own and the instruction an acceptable substitute for its own.

Written arrangements

34 CFR 668.5

A home school may decline to give credit for courses in which a student earns a grade that is not acceptable at the home school even though the host school has a policy of accepting that grade for its resident students. Also, although grades received through consortium or contractual agreements do not have to be included in a student’s grade point average, they must be included when calculating the quantitative component (the percentage of credits earned vs. attempted) of her satisfactory academic progress.

If not written for an individual student or group of students, agreements between schools can go on indefinitely. These agreements do not have to be renewed unless the terms of the agreement change.

A school must provide enrolled and prospective students with a description of the written arrangements it has entered into, including

- the portion of the educational program that the school that grants the degree or certificate is not providing,
- the name and location of the other schools or organizations that are providing that portion of the educational program,
- the method of delivery of that part of the educational program, and
- estimated additional costs students may incur by enrolling in an educational program provided under the written arrangement.

Requirement to inform students of an arrangement

34 CFR 668.43(a)(12)

Consortium agreement

A consortium agreement can apply to all FSA programs. Under a consortium agreement, a student may take courses at another school and have them count toward the degree or certificate at the home school. A student can receive FSA funds only for courses that apply to his certificate or degree program.

A consortium agreement can be a blanket agreement between two or more eligible schools, or it can be written for a specific student. Such an agreement is often used when a student takes related courses at neighboring schools or when a student is enrolled in an exchange program with another eligible school for a term or more. A school could have one agreement for each student, a separate agreement with each host school, or a blanket agreement with a group of schools.

In a consortium agreement there is no limit on the portion of the eligible program that may be provided by eligible schools other than the home school, except that the home school must offer at least some part of the eligible program. Agreement contents can vary widely and will depend upon the interests of the schools involved and the accrediting or state agency standards. The Department does not dictate the format of the agreement (which can be executed by several different offices) or where the agreement is kept. However, the following information should be included in all agreements:

- The school that will grant the degree or certificate
- The student's tuition, fees, and room and board at each school
- The student's enrollment status at each school
- The school that will be responsible for disbursing aid and monitoring student eligibility
- The procedures for calculating awards, disbursing aid, monitoring satisfactory progress and other student eligibility requirements, keeping records, and returning funds when the student withdraws

The school that disburses an FSA award is responsible for maintaining information on the student's eligibility, how the award was calculated, what money has been disbursed, and any other documentation associated with the award, even if some of that documentation comes from other schools. Moreover, the school paying the student must return FSA funds if required, for example, in refund/return or overpayment situations. For determining enrollment status under a consortium agreement, see *Volume 3, Chapter 3*.

Usually, the home school is responsible for disbursing funds, but if the student is enrolled for a full term or academic year at the host school, it may be easier for the host school to monitor his eligibility and make payments.

When there is a written arrangement between eligible schools, any of the schools participating in the written arrangement may make FSA calculations and disbursements without that school being considered a third-party servicer. This is true even if the student is not currently taking courses at the school that is calculating and disbursing the aid.

Contractual agreement

If the limitations in the following paragraphs are adhered to, an eligible school may enter into a contractual agreement with an ineligible school or organization that provides part of the educational program of students enrolled at the eligible school.

Such a contract is prohibited with an ineligible school or organization whose

- eligibility or certification to participate in the FSA programs has been terminated or revoked by the Department or
- application for certification or recertification to participate in the FSA programs was denied by the Department.

Similarly, an eligible school is prohibited from entering into a contract with an ineligible school or organization that has voluntarily withdrawn from participation in the FSA programs under a termination, show-cause, suspension, or similar proceeding initiated by the Department or the school's state licensing agency, accrediting agency, or guarantor.

Under a contractual agreement, the eligible school is always the home school. It performs all the aid processing and disbursement for students attending the ineligible school and is responsible for maintaining all records necessary to

document student eligibility and receipt of aid (see *Chapter 7*).

With a contractual agreement, the ineligible school can in general provide up to 25% of the educational program without explicit approval from the home school's accrediting agency. However, if the home school has been placed on probation or equivalent status, has been subject to negative action by the agency over the prior three academic years, or is under a provisional certification, as provided in 34 CFR 668.13, it must receive prior approval by the agency before entering into a written arrangement under 34 CFR 668.5 under which the school or organization not certified to participate in the title IV, HEA programs offers up to 25 percent of one or more of the home school's educational programs. Otherwise, the home school must report this agreement within 30 days to their accrediting agency.

However, the ineligible school may provide more than 25% but less than 50% of the program if the home school reports the agreement as a substantive change and receives prior approval from its accrediting agency in accordance with 34 CFR 602.22(a)(1)(ii)(J). In addition, the home and ineligible schools must **not** be owned or controlled by the same individual, partnership, or corporation; and the home school's accrediting agency or state agency (in the case of a public postsecondary vocational institution) must determine and confirm in writing that the agreement meets its standards for executing written arrangements with ineligible institutions or organizations.

Some institutions offer programs in which incoming students are expected to transfer in a minimum number or percentage of credits toward completion of the program. For purposes of determining whether the amount of a program offered by the ineligible organization exceeds the limitations in 34 CFR 668.5(c), the home school should exclude from the denominator of that calculation the amount of transfer credit that all students in the program are required to enter the program with. These credits would never be taught by the home school's own instructors and would not be considered part of the educational program being provided by the home school. Therefore, those credits would not count towards the percentage of educational offering by the home school.

Calculating the percentage of a program offered by an ineligible entity

The regulations under 34 CFR 668.5(g) describe how, under a contractual agreement, an ineligible entity's portion of a program is calculated. The hours, whether credit or clock hours, that comprise the academic program must be attributed to one of the partners in the arrangement, either the eligible institution or the ineligible entity. The ineligible entity provides the course if it has authority over the design, administration, or instruction of the course, which may include (among other things):

- Establishing the requirements for completion of the course;
- Delivering instruction or mandatory tutoring;
- Assessing student learning, including through electronic means; or
- Developing curricula or course materials, where the institution and its instructors cannot make changes to the materials.

If any part of the compensation of an instructor for a course is paid directly or indirectly by the ineligible entity, the hours associated with that course are attributable to the ineligible entity. An instructor may be indirectly compensated by an ineligible entity where the ineligible entity reimburses the institution for compensation to the instructor. In that case, the hours in that course would be attributable to the ineligible entity.

Some schools may contract with providers of software platforms designed to support distance education programs. When such a contractor provides only the software or platform for coursework and instruction in the program is still performed by the institution's own faculty under the institution's supervision, such an arrangement is not considered a written arrangement under 34 CFR 668.5. However, if the contractor's staff performs any of the activities described above as part of its provision of software or other services (including through indirect compensation of instructors at the institution), the institution must have a contractual agreement in place that establishes the proportion of the program provided by the contractor and ensures it does not exceed the legal limits.

It is important that institutions and their accrediting agencies accurately account for the percentage of a program that is provided by an ineligible entity. Written arrangements where the ineligible entity provides services or activities related to credit or clock hours should be attributed to the ineligible entity, and not attributed to the eligible institution. If the Department determines that an educational program operated through an arrangement with an ineligible entity has exceeded the regulatory threshold, the program may be treated as ineligible for Title IV, HEA funds and liabilities may be

assessed for all funds disbursed through that program while the arrangement was in place. In addition, if the Department determines that the institution misrepresented the portion of the program offered by the ineligible entity, a fine or administrative action may be initiated to terminate the institution’s ability to continue in the Title IV, HEA programs.

Please review DCL [GEN-22-07](#) for more information.

Accreditation requirements for written arrangements involving distance education

When a school offers distance education for the first time, under 34 CFR § 668.8(m) it must obtain approval from a recognized accrediting agency that has distance education within the scope of its recognition from the Secretary. However, a school’s accrediting agency is not permitted to evaluate an ineligible entity’s offering of distance education in the context of a written arrangement for Title IV purposes if it does not also accredit that entity. Therefore, an institution must ensure that when it offers a program that uses distance education for the first time, the coursework provided using distance education is not provided by an unaccredited ineligible entity.

Written arrangements between domestic and foreign schools

An eligible U.S. school may have a written arrangement with a foreign school or organization that is acting on behalf of a foreign school, but such an arrangement is always considered to be one between an eligible domestic school where the student enrolls and an ineligible foreign school, even if the latter is otherwise Title IV-eligible. Therefore, these arrangements are considered contractual agreements that must follow the rules that apply to such. See DCL [GEN-11-18](#) for more information about Title IV eligibility of programs offered through written arrangements between U.S. and foreign schools.

An eligible foreign institution may also enter into a written arrangement with an eligible institution in the United States where the student is enrolling in the coursework, research, work, or special studies offered by the eligible U.S. institution. The eligible institution in the United States is considered the host institution and can offer no more than 25 percent of the program See (34 CFR 600.52 and the definition of a foreign institution under section (1)(ii)(B)).

Internships and externships

Internships and externships that are part of a program and are provided by organizations other than the institution are subject to the written arrangement requirements. However, an internship or externship portion of a program does not have to meet the written arrangement requirements if it is governed by explicit accrediting agency standards that require the oversight and supervision of the school, which is responsible for the internship or externship, and where students are monitored by qualified school personnel.

<h4>Consortium agreement</h4>
a written agreement between two or more eligible schools.
<h4>Contractual agreement</h4>
a written agreement between an eligible school and an ineligible school.
<h4>Home school</h4>

the school where the student is enrolled in a degree or certificate program.

Host school

the school where the student is taking part of his or her program requirements through either a consortium or contractual agreement.

Two plus two program

a partnership between a two-year and a four-year school that facilitates a student's completing the last two years of the student's four-year degree.

Distance Education and Correspondence Study

Schools use distance education and correspondence courses to respond to students' needs for alternatives to the schedules and locations at which courses traditionally have been offered. A school may not refuse to provide FSA funds to a student because she is enrolled in correspondence or distance education courses unless the courses are not part of an eligible program.

Some participating institutions contract with distance education providers that are not eligible to participate in the FSA programs. These participating institutions must ensure that they do not exceed the limitations on contractual arrangements (see the previous section).

Distance education

A distance education program at a domestic school is considered an eligible FSA program if it has been accredited by an accrediting agency recognized by the Department for accreditation of distance education. It is not subject to the rules that apply to correspondence coursework, which are discussed in the next section. Distance education programs must be evaluated by an accrediting agency that is recognized by ED for the purpose of evaluating distance education, just as an agency must be specifically reviewed and recognized for the evaluation of correspondence education. Schools that wish to offer *any* portion of a program via distance education should confirm that their institutional accrediting agency has distance education within its scope of recognition. Schools should work with their accrediting agency to determine the agency's requirements for evaluating whether the school is capable of effective delivery of distance education programs.

Institutions should refer to Electronic Announcement [EA—21-06](#) for updated guidance on accreditation and eligibility requirements for distance education.

Distance education means education that uses certain technologies to deliver instruction to students who are separated from the instructor or instructors and **to support regular and substantive interaction between the students and the instructor or instructors**. The interaction may be synchronous (student and instructor are in communication at the same time) or asynchronous. The technologies that may be used to offer distance education include

1. the Internet;
2. audio conferencing; or

3. one-way and two-way transmissions through open broadcast, closed circuit, cable, microwave, broadband lines, fiber optics, satellite, or wireless communications devices.

A course taught through other media is also considered a distance education course but only if used in conjunction with one of the three technologies listed to support interaction between the students and the instructor.

There are various applications of the term “academic engagement” throughout the Title IV regulations. The Return of Title IV Funds (R2T4) regulations refer to this definition when describing “academic attendance” and “academically-related activities.” Please see Volume 5 for more information related to this term as it applies to R2T4.

The updated definition of “clock hour” (discussed later in this chapter) refers to academic engagement for distance education purposes. In addition, the updated definition of an “academic year” refers to academic engagement for distance education purposes.

Academic engagement is defined as: active participation by a student in an instructional activity related to the student’s course of study that:

- Is defined by the institution in accordance with any applicable requirements of its State or accrediting agency;
- Includes, but is not limited to:
 - Attending a synchronous class, lecture, recitation, or field or laboratory activity, physically or online, where there is an opportunity for interaction between the instructor and students;
 - Submitting an academic assignment;
 - Taking an assessment or an exam;
 - Participating in an interactive tutorial, webinar, or other interactive computer-assisted instruction;
 - Participating in a study group, group project, or an online discussion that is assigned by the school; or
 - Interacting with an instructor about academic matters; and
- Does not include, for example:
 - Living in institutional housing;
 - Participating in the institution’s meal plan;
 - Logging into an online class or tutorial without any further participation; or
 - Participating in academic counseling or advisement

In distance education, an *instructor* is defined as an individual responsible for delivering course content and who meets the qualifications for instruction established by a school’s accrediting agency.

In addition, *substantive interaction* is defined as engaging students in teaching, learning, and assessment, consistent with the content under discussion, and also includes at least two of the following:

- Providing direct instruction
- Assessing or providing feedback on a student’s coursework
- Providing information or responding to questions about the content of a course or competency
- Facilitating a group discussion regarding the content of a course or competency; or
- Other instructional activities approved by the institution’s or program’s accrediting agency

A school ensures *regular interaction* between a student and an instructor or instructors by, prior to the student’s completion of a course or competency:

- Providing the opportunity for substantive interactions with the student on a predictable and scheduled basis commensurate with the length of time and the amount of content in the course or competency; and
- Monitoring the student’s academic engagement and success and ensuring that an instructor is responsible for promptly and proactively engaging in substantive interaction with the student when needed on the basis of such monitoring, or upon request by the student

Instructors must engage in at least two forms of substantive interaction meeting the regulatory requirements *during each course or competency*. The regulations do not prescribe a specific frequency or combination of each type of interaction except that they must be “predictable and scheduled.”

Monitoring a student's "academic engagement and success" may include:

- Evaluating a student's level of participation in synchronous sessions
- Monitoring the student's activity on course websites or materials
- Considering the quality of the student's coursework or understanding; or
- Other forms of monitoring the student's engagement and success

Note: Due to the COVID-19 pandemic, the Department has announced several waivers of requirements related to distance education:

- Reporting to the Department that a school offers distance education
- State authorization in States where the institution enrolls students through distance education, but does not maintain a physical location
- Accrediting agency approval of distance education

Each waiver extends through the end of the payment period that begins after the end of the COVID-19 national emergency. If a school plans to continue offering distance education after the end of the COVID-19 waiver period, it must have accrediting agency approval to do so. Lack of approval will result in ineligibility for any programs using distance education. Schools are encouraged to obtain accrediting agency approval and report any new offering of distance education to the Department even prior to the end of the COVID-19 waiver period. Please refer to the [March 5, 2020 Electronic Announcement](#) (updated June 16, 2020) for more information about COVID-19 flexibilities related to distance education.

Correspondence courses

Correspondence courses and institutional eligibility

34 CFR 600.2, "Correspondence course"
34 CFR 600.7(a)(1)(i) and (ii)
34 CFR 602.3, "Correspondence education"
HEA Sec. 102(a)(3)(A) and (B)

Unlike distance education courses, which are treated the same as all other eligible programs, some restrictions apply to correspondence courses. A correspondence program at a domestic school is considered an eligible FSA program if it has been accredited by an accrediting agency recognized by the Department for accreditation of correspondence education.

A correspondence course is a home-study course for which the school provides instructional materials, including examinations on the materials, to students who are not physically attending classes at the school. Interaction between instructors and students is limited, not regular and substantive, and primarily initiated by the student.

When a student completes a portion of the instructional materials, the student takes the examinations that relate to that portion of the materials and returns the examinations to the school for grading.

If a course is part correspondence and part residential training, the course is considered to be a correspondence course. For example, a school offers a truck driving program, the first part of which is offered via correspondence. After completing that part of the program, the student has to attend a residential site where he learns how to drive trucks. This is a correspondence program.

If a school adds distance education technology, such as electronic delivery of course materials or an online discussion board, to a correspondence course, the school must ascertain the predominant method of instruction (correspondence or distance education), keeping in mind that a distance education course must use technology to support regular and substantive interaction between the students and instructor. The school must use the rules for the predominant method in

administering the FSA programs.

If a school offers more than 50% of its courses by correspondence or if 50% or more of its students are enrolled in its correspondence courses, the school loses its eligibility to participate in the FSA programs (see *Chapter 1*).

Note that correspondence students enrolled in certificate programs are not eligible for FSA funds. For a full discussion of when a school may pay a student for correspondence study, see *Volume 1, Chapter 1*. Also see *Volume 3, Chapter 2* for limitations on the cost of attendance for correspondence students and *Volume 3, Chapter 1* for the timing of disbursements to correspondence students.

Subscription-based programs

Traditionally, postsecondary education has been completed using courses with defined start and end dates. However, recent technological developments have allowed students to engage in coursework with more flexible timeframes without a need for explicit start and end dates.

Some schools have begun offering programs in which students are charged for a specific period of calendar time without reference to the specific courses or competencies the student must complete during that timeframe. These are called “subscription-based programs.”

The Department created the rules for subscription-based programs to accommodate self-paced programs with highly flexible timeframes for courses. Currently, many programs using subscription periods are “competency-based education programs.” Subscription-based programs are not synonymous with competency-based programs, but many competency-based programs are also subscription-based. Programs with more traditional coursework could also be defined as subscription-based programs if they meet all of the criteria in the regulatory definition. Subscription-based programs can be offered on campus, through distance education, or through correspondence.

Reporting requirements for subscription-based programs

Subscription-based programs are subject to the same program eligibility requirements as all other programs. There are no differences in program approval and reporting requirements. If a school offers multiple versions of the same subscription-based program, it is only required to report the one with the highest enrollment status (and shortest published length) on the E-App.

For NSLDS enrollment reporting purposes, schools should report the published length for the specific version of the program that the student is attending.

Please refer to Volume 3 for more information pertaining to disbursement requirements for subscription-based programs.

The Department conducted a webinar on subscription-based programs. The PowerPoint presentation, recording and transcript can be accessed at the Department’s training website. More information on how to access the training materials can be found in [Dear Colleague Letter ANN-21-07](#).

Subscription-based programs

34 CFR 668.2, “Subscription-based program”

Determining Program Eligibility and Clock-Hour to Credit-Hour Conversions

The credit hour definition and the clock-hour to credit-hour conversion rules serve two purposes: to determine program eligibility and to determine the award amount for certain FSA programs. See the [program integrity Q’s & A’s](#) for more

information.

In this section, we discuss the first of these topics—the use of the **clock-hour to credit-hour** conversion rules in determining if a program meets the minimum program length requirements discussed earlier in the chapter.

Definition of a clock hour

A clock hour is defined as a period of time consisting of:

1. a 50- to 60-minute class, lecture, or recitation in a 60-minute period;
2. a 50- to 60-minute faculty-supervised laboratory, shop training, or internship in a 60-minute period; or
3. sixty minutes of preparation in a correspondence course; or
4. In distance education, 50 to 60 minutes in a 60-minute period of attendance in:
 - A synchronous or asynchronous class, lecture, or recitation where there is opportunity for direct interaction between the instructor and students; or
 - An asynchronous learning activity involving academic engagement in which the student interacts with technology that can monitor and document the amount of time that the student participates in the activity

A clock hour in a distance education program does not meet the requirements of this definition if it does not meet all accrediting agency and State requirements or if it exceeds an agency's or State's restrictions on the number of clock hours in a program that may be offered through distance education.

An institution must be capable of monitoring a student's attendance in 50 out of 60 minutes for each clock hour under this definition.

Definition of a credit hour

Except as provided in 34 CFR 668.8(k) and (l), a credit hour is an amount of student work defined by an institution, as approved by the institution's accrediting agency or State approval agency, that is consistent with commonly accepted practice in postsecondary education.

A credit hour is an amount of work that reasonably approximates not less than

1. one hour of classroom or direct faculty instruction and a minimum of two hours of out-of-class work each week for approximately 15 weeks for one semester or trimester hour of credit, or 10 to 12 weeks for one quarter hour of credit, or at least the equivalent amount of work over a different amount of time; or
2. at least an equivalent amount of work as required in paragraph (1) of this definition for other academic activities as established by the institution including laboratory work, internships, practica, studio work, and other academic work leading to the award of credit hours.

Note that the classroom/direct faculty instruction time and out-of-class student work requirement in #1 does not mean you must have a certain number of hours of those specific types of instruction every week; it is an average required over the length of the course and may be institutionally established equivalencies that reasonably approximate the minimum standard using different measures of student work.

You may set a higher standard that requires more student work per credit-hour, and you may use a measure or metric different from this definition for academic and non-federal aid purposes. The regulations make an exception to this definition in the case of programs that the clock-hour to credit-hour conversion formula, as described in the following text.

Measuring attendance in clock hours

A student's period of attendance is measured according to one of several commonly accepted academic standards. A clock hour is based on an actual hour of attendance (though each hour may include a 10-minute break). Credit hours are typically based on two hours of homework for each hour of class attendance.

A school is not permitted to count more than one clock hour per 60-minute period; in other words, a school may not schedule several hours of instruction without breaks and then count clock hours in 50-minute increments. For instance, a school could not consider seven consecutive hours of instruction to be 8.4 hours by dividing 50 minutes into 420 minutes. Seven 60-minute periods of instruction may not count for more than seven clock hours.

Clock-hour to credit-hour conversions in determining program eligibility

If your school offers an undergraduate educational non-degree program in credit hours, it must use the conversion formula unless

- the program is at least two academic years in length and provides an associate degree, a bachelor’s degree, a professional degree, or an equivalent degree as determined by the Department (note that this does not permit a school to ask for a determination that a non-degree program is equivalent to a degree program); or
- each course within the program is acceptable for full credit toward completion of a single eligible program offered by the school that provides an associate degree, bachelor’s degree, professional degree, or equivalent degree as determined by the Department, provided that 1) the eligible program requires at least two academic years of study; and 2) the school can demonstrate that at least one student graduated from the program during the current award year or the two preceding award years.

Clock-hour to credit-hour conversions

34 CFR 668.8(k) & (l)
Definitions of clock hour and credit hour
34 CFR 600.2

The formula will determine if, after the conversion, the program includes the minimum number of credit hours to qualify as an eligible program for FSA purposes. The formula also determines the number of Title IV credit hours associated with each class that an institution can use to determine a student’s enrollment status during the program.

For determining the number of credit hours in that educational program

- a semester hour must include at least 30 clock hours of instruction,
- a trimester hour must include at least 30 clock hours of instruction, and
- a quarter hour must include at least 20 clock hours of instruction.

For more information on how to perform the clock-hour/credit-hour conversion, see the *Clock-Hour to Credit-Hour Conversion Example* at the end of this chapter. In addition, please review the Electronic Announcement ([EA-GENERAL-21-34](#)) that provides additional guidance related to the implementation of the updated clock-to-credit hour conversion requirements that were effective on July 1, 2021.

Credits approved by state and accrediting agencies

When states and accrediting agencies approve programs, they sometimes also approve the number of credits in those programs. The credits approved by states and accrediting agencies are not necessarily the credits that will be approved if the program becomes eligible for Title IV aid. For Title IV purposes, the number of credits in the program will be those determined by the clock-hour to credit-hour conversion formula, but they will never exceed those approved by a state or accrediting agency, or the number of credits awarded by the institution itself. The regulations for states and accreditation agencies explain how an agency reviews a school’s assignment of credit hours.

State/accrediting agency criteria

State requirements and clock-hour to credit-hour conversions

If a state requires that a program that prepares students for a recognized occupation be composed of a minimum number of hours of training and a school offers a GE program that prepares a student for that occupation, the number of hours in the program cannot exceed the *greater of*:

- 150% of the minimum number of clock hours required for training in the recognized occupation for which the program prepares the student, as established by the State in which the school is located; or
- the minimum number of clock hours required for training in the recognized occupation for which the program prepares the student established in an adjacent State (if the school can demonstrate that its program meets the requirements in the other state).

For example, if the state of New Jersey requires that students preparing for a career in massage therapy complete 500 hours of training, the maximum program length for a massage therapy program in that state is generally 750 hours (500 X 150%). However, if the adjacent state of New York requires 1000 hours and the school demonstrates that its program meets the requirements in the state of New York, then the maximum program length in New Jersey could also be 1000 (the greater length based on the comparison of the two states). As a result of this limitation, the Department would not approve Title IV participation for any GE program (clock hour or credit hour) in massage therapy in the state of New Jersey that is composed of more than 1,000 clock hours or the equivalent.

When demonstrating compliance with this requirement for a credit-hour GE program that is subject to the clock-to-credit conversion, a school must compare the state's minimum requirements with the total number of in-class clock hours in the program. Note that this may not be the same as the number of hours that were actually used in the conversion calculation. This is because there are occasions where the number of clock hours used in the conversion calculation are less than the total number of clock hours in the program (for example, if the program includes an internship with a substantial number of hours, but a small number of credits). A school must always be aware of the total number of clock hours in a credit-hour GE program that is subject to the conversion.

If a school's credit-hour GE program is not subject to the conversion but is still subject to the limitation because its state has established a minimum number of clock hours required for training, the school is not required to be aware of the total number of clock hours in the program, but has other options for demonstrating compliance. If the state has established its own clock-to-credit hour equivalency, the school may use that equivalency to demonstrate that the program's hours do not exceed the limitation. If the school is aware of the total number of clock hours in the program, the school can also show that those in-class hours associated with the program's coursework do not exceed the maximum allowed. If no other method can be used to demonstrate compliance, the school must multiply the number of credit hours in the program by 30 (if a semester- or trimester hour program) or 20 (if a quarter-hour program) and ensure that the result does not exceed the maximum allowed.

If a school applies the formula and finds that a program is eligible, the converted credit hours are used to determine the amount of FSA funds that a student who is enrolled in the program is eligible to receive as explained in *Volume 3, Chapter 1*.

Out-of-class student work

If a school provides a credit-hour non-degree program that is subject to the clock-hour to credit-hour conversion, the school no longer uses out-of-class hours in the conversion calculation.

Rounding

A school must have a policy that specifies the number of decimal places it will use in the steps of its calculation, and round at each of the steps in the calculation to that number.

Because the results of these formulas determine the eligibility of a program, the resulting number of credit hours both in each step and final result may not be rounded up.

Since the E-app accepts whole numbers only, when reporting on the E-app, a school must round down to the whole number.

In determining a student’s enrollment level, a school must use the exact number of decimal places specified in its policy on rounding.

Clock-Hour to Credit-Hour Conversion Example

Prejean Community College (PCC), a public institution located in Louisiana that offers its courses in a semester format, has been told by the state that it must begin offering a 29 semester-hour career-training program previously offered in a clock-hour format by a post-secondary vocational-technical school. The program does not lead to a degree, and all of its courses do not transfer into a single degree program at the institution. Therefore, the program is subject to the clock-to-credit conversion.

Neither the state or PCC’s accrediting agency specifies rounding rules, but PCC’s policies and procedures state that PCC performs calculations to 2 decimal points and awards credits using whole credit hours.

The program’s information is as follows:

Course	Hours of Classroom Instruction	Credits assigned by school
1	105	4
2	83	4
3	85	4
4	111	4
5	141	6
Externship	375	7
Total	900	29

The first four courses are offered in the first semester, and the fifth course and the externship are offered in the second semester.

To apply the formula, Alice divides the number of hours of in-class instruction by 30. As she performs the calculation, Alice must keep in mind the following rules:

Using the formula for the conversion

- A school must perform the calculations on each individual component (course) in the program.
- Regardless of the results of the conversion calculation, a school cannot award more credit for Title IV purposes than the academic credit assigned to a course by the school and/or approved by its state or accrediting agency.

- A school must have a policy that specifies the number of decimal places (fractions of credit hours) it will use in its calculation.
- If the school uses decimals, it is not required to round down and may use the decimal result of the conversion regardless of how it awards credits.
- A school that elects to round its calculations, when determining student eligibility, must round at the level of each individual course or educational activity. The school must not wait until the last step and round the total.

Formula

Semester 1

Course	Hours of Classroom Instruction	Credits assigned by school	Conversion Calculation
1	105	4	$105 \div 30 = 3.50$
2	83	4	$83 \div 30 = 2.76$
3	85	4	$85 \div 30 = 2.83$
4	111	4	$111 \div 30 = 3.70$
Totals	384	16	12.79

Semester 2

Course	Hours of Classroom Instruction	Credits assigned by school	Conversion Calculation
5	141	6	$141 \div 30 = 4.7$
Externship	375	7	$375 \div 30 = 12.50$ limited to 7 ¹
Totals	516	13	11.7
Program Totals	900	29	24.49

¹ Regardless of the results of the conversion calculation, a school cannot award more credit for Title IV purposes than the academic credit assigned to a course by the institution, and/or approved by a state or accrediting agency.

After applying the conversion formula, Alice finds that during the first semester students can be paid as full-time students, but students must be paid as three-quarters-time students in the second semester.

The state of Louisiana requires 400 clock hours for employment in the occupation for which the program prepares students. The adjacent state of Texas requires 900 clock hours for employment in the same occupation for which

the program prepares students. The maximum number of hours is the greater of 150% of 400 (which equals 600 hours) or 900 (the requirements in the adjacent state of Texas). Using this comparison, the greater number is 900. Since the program length is 900 hours and meets requirements for students to obtain licensure in that state, the program is eligible even though it exceeds the normal limitation of 600 hours for programs in the state of Louisiana leading to employment in this occupation.